

Intragovernmental Requirements

2004 Yearend Closing Seminar

Presented by:

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Topics of Discussion

2003 Highlights

Intragovernmental Accomplishments

Roles and Responsibilities

FY 2004 Quarterly Requirements

FY 2004 Yearend Requirements

2003 Highlights

(GAO Audit Report Results)

Intragovernmental Still Material Weakness in the FR

Numerous CFO Act Agencies did not Fully Perform Reconcile with Trading Partners (TP)

Agency Reasons

TP not Providing Needed Data

Limitations & Incompatibility of Agency and TP Systems

Lack of Human Resources

TP Amounts Reported for Certain Intragov't Accounts were Out-of-Balance

2003 Highlights

(Performance Measures)

Reconciliation of Activity

Performance Element:	Unexplained IFCS Differences
Performance Goal:	Differences < 5% of Agency's IFCS Reporting
Overall Result:*	32 Compliances 5 Non-Compliances

*37 agencies – Includes DoD components and excludes SEC & Smithsonian

2003 Highlights

(Performance Measures)

Reliability/Completeness

Performance
Elements:

- a. Trading Partner “OO” Usage
- b. Status of Disposition Reporting
- c. 4th Qtr Data File Submission

Performance
Goals:

- a. < 10% of Total Intragov’t Activity
- b. Submit Reporting to FMS by 02-06-04
- c. Submit Reporting to FMS by 10-24-03

Overall Results:*

- a. 36 Compliances & 1 Non-Compliance
- b. 34 Compliances & 3 Non-Compliances
- c. 26 Compliances & 11 Non Compliances

*37 agencies – Includes DoD components and excludes SEC & Smithsonian

2003 Highlights

(Performance Measures)

Consistency/Reasonableness

Performance Element:	Agency's FACTS vs. Trading Partner's FACTS
Performance Goal:	Out-of-Balance Condition < 10% of Total Intragov't Activity
Overall Result:*	26 Compliances 11 Non-Compliances

*37 agencies – Includes DoD components and excludes SEC & Smithsonian

Intragovernmental Accomplishments

Reduced OOB Condition to \$163 billion in FY 2003

Implemented Management Control Plan in 2004
(Superseded by TFM)

Added New SGLs to IFCS During FY 2004

100% Agencies Data Submission Participation for 3rd
Quarter, FY 2004

Roles & Responsibilities (FMS Role)

Administers/Utilizes IRAS as Reporting Repository

Provides Qtrly. Reports & Yearend Closing Package Reports

Provides Reconciliation Oversight

Analyzes Intragovernmental Activity/Balances

Interfaces IFCS, GFRS (Closing Package Data)

Reviews CFO Representations & IG AUP

Discloses/Summarizes Results for GAO/OMB

Roles & Responsibilities

(Verifying Agencies/CFOs Role)

Provides Qtrly. Intragovernmental Data to FMS

Reconciles with Trading Partners (TP)

Provides Qtrly. “Status of Disposition Certification” to FMS

Submits Closing Package Data by Federal Line Items & TP

Approves Closing Package in GFRS

Crosswalks Agency F/S Notes to FR Notes via Workpaper &
Provide to IG (as well modules 2 – 6 documents)

Submits Intragov’t “CFO Representation” by 11-23-04

Roles & Responsibilities (IG/IPA Role)

Reviews/Acknowledges Closing Package in GFRS
by 11-18-04

Uses “Comparative Status of Disposition Report”
to Plan testing of Intragovernmental Activity

Performs 5 Procedures in TFM, Package it with
Auditor Report & Provide to FMS & GAO

Completes “IG Agreed-Upon Procedures” by
12-02-04

Intragovernmental Requirements & Guidance

Office of Management and Budget

OMB Bulletin 01-09, Form and Content of Agency Financial Statements, Section 11.3, Intragovernmental Amounts

OMB Memorandum M-03-01, Business Rules for Intragovernmental Transactions, Dated 10-04-02

Department of Treasury

Treasury Financial Manual, Part 2, Chapter 4700, Agencies Reporting Requirements for the Financial Report of the United States Government, Dated May 2004

Federal Intragovernmental Transactions Accounting Policies Guide, Will be Issued by End of August

Quarterly Requirements (Quarterly Process)

Verifying/Non-Verifying Complete Confirmations in IFCS

Verifying Agencies Provides FMS Data Extract Files to FMS

FMS Loads Agency Files in IRAS & Generates Reports

Verifying Agencies Utilize IRAS Reports to Facilitate
Intragovernmental Reconciliation

Verifying Completes Status of Disposition Certification

FMS Provides Agencies Comparative Status of Disposition

Quarterly Requirements

(Data Upload Quality Issues)

Most Agencies are not using Format in TFM

Many Data Files Require Intervention by FMS

Some Agencies Provided Partial Data

A Few Reported Late

Upload Data Qualify Grade Given: B –

“All Data Files Must be Loaded Before Running IRAS Reports”

Quarterly Requirements (Key Dates)

IFCS		
Quarter	IFCS Opens	IFCS Closes
4 th (Final)	10-08-04	10-25-04

Quarterly Reconciliation Process

Quarter	Agencies “Data Submission” Due To FMS	FMS Provides IRAS Report to Agencies	Verifying Agencies Status of Disposition Certification Due to FMS	FMS Provides Comparative Status of Disposition Reports Due to Agencies
3 rd	07-26-04	07-30-04	08-10-04	08-13-04
4 th	10-18-04	10-22-04	10-26-04	10-29-04

Quarterly Requirements (IFCS Changes – SGL)

Beginning 2nd Quarter, FY 2004:

Fiduciary Category	New SGLs Added to IFCS	Previously Reported in IFCS as SGL . . .
BPD Investments	2531F Discount on Federal Investments	2530F Securities Issued by Federal Agencies
	2532F Premium on Federal Investments	2530F Securities Issued by Federal Agencies
	2533F Amortization of Discount & Premium on Federal Investments	2530F Securities Issued by Federal Agencies
	5311F Interest Revenue – Investments	5310F Interest Revenue
	7111F Gains on Disposition of Investments	7110F Gains on Disposition of Assets
	7211F Losses on Disposition of Investments	7210F Losses on Disposition of Assets
BPD Borrowings	5312F Interest Revenue – Loans Receivable/ Uninvested Funds	5310F Interest Revenue
FFB Borrowings	5312F Interest Revenue – Loans Receivable/ Uninvested Funds	5310F Interest Revenue
	7112F Gains on Disposition of Borrowings	7110F Gains on Disposition of Assets
	7212F Losses on Disposition of Borrowings	7210F Losses on Disposition of Assets
DOL	1320F Employment Benefit Contributions Receivable	1310F Accounts Receivable
OPM	N/A	N/A

Quarterly Requirements

(IFCS Changes – Explanation of Differences)

NEW

Accounting Error
Timing Difference
Accounting Methodology Difference
Rounding Difference
Unknown

PRIOR

Different Beginning Year Accrual Methodology
Different Yearend Accrual Methodology
Accounting for Reemployed Annuitants
Special Required Payments
VSIP Payments or Accounting
Incorrect SGL Account to be Corrected Before
Confirmation Finalized
Partner Code v. Organization Alignment Problem
Different Inventory Accounting Methods
Different Amortization Accounting Methods
Other Difference in Accounting Methodology
Difference Due to BPD Market to Market
Difference Due to Unrealized Gains/Losses
Debt Swap (Debt Ceiling)
Balances not Related to Investments with BPD
Balances not Related to Borrowings from BPD
Balances not Related to Borrowing from FFB
WRITE/TYPE OTHER CHOICE

Yearend Requirements (Yearend Process)

Agencies Identifies Intragovernmental TP by Federal Line
Items in GFRS

FMS Provides Agencies IRAS Reports Based on Closing
Package (CP) Data

CFO Representations are Due

FMS Provides CFOs & IGs Comparative CP Explanation of
Differences Reports

IGs Completes Agreed Upon Procedures

Yearend Requirements (Key Dates)

Due Date	Description
11-18-04	CFO Approves & IG/IPA Opines on Closing Package in GFRS
11-19-04	FMS Provides Closing Package Material Differences Report to CFOs
11-23-04	Intragovernmental CFO Representations Due
11-29-04	FMS provides Comparative Closing Package Differences Report to CFO
12-02-04	Intragovernmental IG Agreed Upon Procedures are Due

Yearend Requirements (CFO Representation)

Links Mgmt. Assertions to Closing Package (CP)
Reporting

Standard Form (<http://fms.treas.gov/irri/index.html>)

Section I: General Intragovernmental
Reporting Results

Section II: Summarized Explanation of Closing
Package Differences

Explanations

Confirmed Reporting

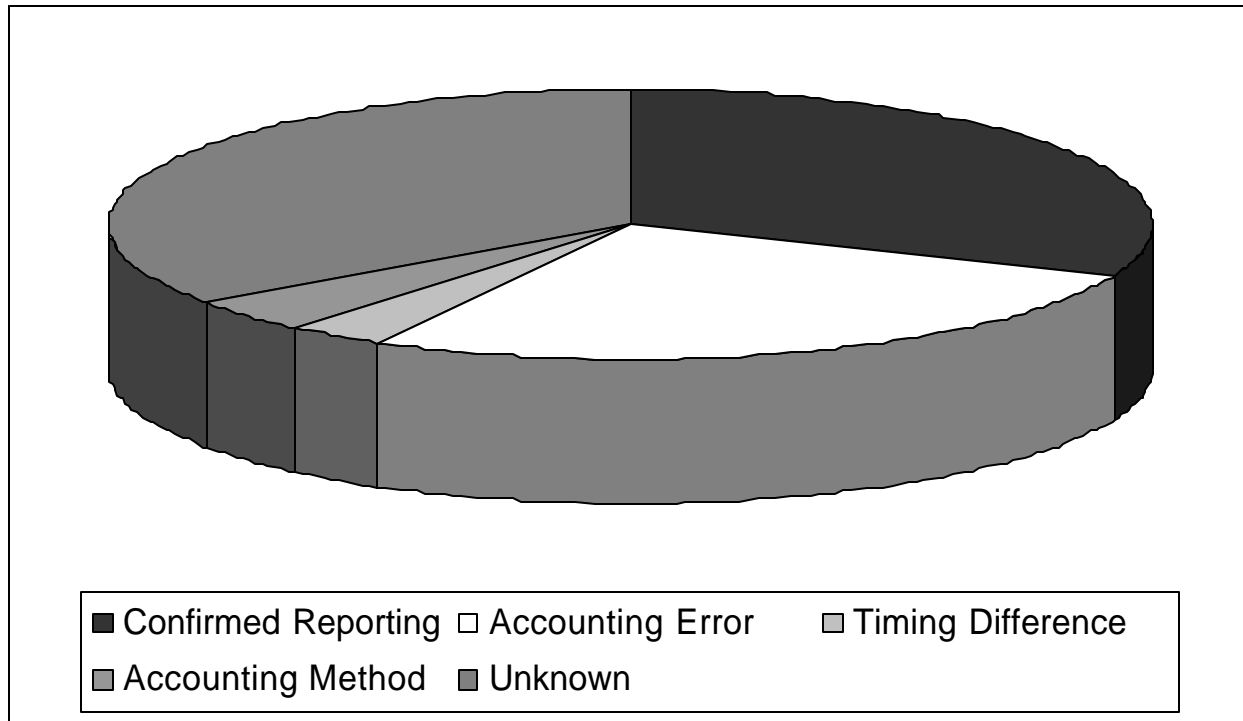
Accounting Error

Timing Difference

Accounting Methodology Difference

Unknown

Governmentwide Explanation of Differences



Source: 2nd Quarter, FY 2004 Agencies Data Submissions

Scenarios for Explanation of Material Differences

1 Same Explanation, Different Amount

Agency	Explanation	Amount
Reporting Agency	Confirmed Reporting	\$100
Trading Partner	Confirmed Reporting	\$75

Corrective Action: FMS will submit a report to OMB for Possible Mediation

Scenarios for Explanation of Material Differences

2 Different Explanation, Different Amount

Agency	Explanation	Amount
Reporting Agency	Confirmed Reporting	\$100
Trading Partner	Current Year Timing Differences	\$90

Corrective Action: Trading Partner is expected to account for activity in subsequent period.

Scenarios for Explanation of Material Differences

3 Same Explanation, Different Amount

Agency	Explanation	Amount
Reporting Agency	Accounting Methodology	\$100
Trading Partner	Accounting Methodology	\$95

Corrective Action:

- Both RA & TP Provides Basis of Accounting Treatment
- Same Treatment = Inconsistency
- Otherwise FMS Expects to Delete Material Difference from Record Due to Permanent Difference.

IG Agreed Upon Procedures

Performs Procedures Regardless of FS Audit Opinion

Procedures Based Strictly on Closing Package Reporting

Standard Form (<http://fms.treas.gov/irri/index.html>)

Follows 5 Procedures Included in TFM

Completes Agreed Upon Procedures by 12-02-04

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In Closing . . .

AGENCIES WHO RECONCILE
DURING THE YEAR
ARE MORE LIKELY TO HAVE
RECONCILED BALANCES
AT YEAREND!